

PITON INVESTMENT MANAGEMENT, LP

**777 Third Avenue, 22nd Floor
New York, NY 10017**

February 2018

This brochure provides information about the qualifications and business practices of Piton Investment Management, LP. If you have any questions about the contents of this brochure, please contact us at 646-518-2800 or email jslattery@pitonim.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Piton Investment Management, LP is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Since Piton Investment Management, LP's ("Piton" or the "Firm") last form ADV update dated September 29, 2017, the following material changes have occurred.

Item 4: Advisory Business. Item 4 has been updated to reflect the transition of Piton's business from a commodity pool operator managing private funds for "qualified purchasers" as defined in Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940, as amended, to an advisory business providing fixed-income strategies to institutions and high net worth individuals via separately managed accounts held at a qualified custodian.

Since Piton's last form ADV update, the Firm completed the orderly liquidation of the Piton Alpha Enhanced Master Fund and its feeder funds - Piton Alpha Enhanced Income Fund LLC and Piton Alpha Enhanced Income Offshore Fund Ltd, collectively the "Funds". Piton GP LLC, the General Partner of the Piton Alpha Enhanced Income Master Fund LP, has been dissolved. The final audit of the Funds was completed by the Funds Auditor and provided to all Fund investors by the Fund Administrator. All capital has been returned to Fund investors.

Piton has terminated its investment management agreement and account investment advisory agreement with Boothbay Absolute Return Strategies, LP.

Ownership of the firm has changed. Piton is owned by Piton Management LLC, a Delaware LLC and the existing General Partner of the Firm. Piton Management LLC is owned by Bauer Lane II Advisors LLC and Elkemae Advisors LLC. Bauer Lane II Advisors LLC is wholly owned by James P. Fortescue. Elkemae Advisors is wholly owned by Kristopher Konrad. Piton Partners LP and GPS Opportunities I (IM) LP completed a voluntary withdrawal from the limited partnership. Details of all changes have been provided in Schedule C of Form ADV.

Pursuant to the transition of the advisory business, the following people are no longer with the Firm:

- Peter Chapman, Partner
- Christopher Clasen, Chief Risk Officer
- Robert Coughlin, Chief Investment Officer of Global Rates
- Kathryn Fagan, Chief Financial Officer
- John Regan, Head of Capital Development

James P. Fortescue remains Piton's Chief Executive Officer, Kristopher Konrad continues to serve as Chief Investment Officer, and James Slattery continues to serve as Chief Compliance Officer and Chief Financial Officer. Wilhelmina Sheridan has been appointed Chief Operating Officer.

Item 5: Fees and Compensation. Item 5 has been updated to reflect the change to Piton's fee structure commensurate with the change to its advisory business. All references to the Funds have been removed. The amount of fees, periods over which fees are calculated, and method of payment of fees may vary based on the requirements of individual Clients. Client preferences regarding fee payments are documented in a written agreement prior to engagement.

Item 6: Performance-Based Fees and Side-By-Side Management. Item 6 has been updated to reflect the fact that Piton does not charge performance-based fees nor has it entered into any side-by-side management agreements.

Item 7: Types of Clients. Item 7 has been updated to reflect the change to Piton's target customers commensurate with the aforementioned change to its advisory business.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss. Item 8 has been updated to align with the aforementioned changes to Piton's advisory business. References to the Funds and Boothbay Fund Investment Accounts have been removed.

Item 14: Client Referrals and Other Compensation. Item 14 has been updated to reflect the termination of Piton's written agreements with Third Party Marketers who previously provided services to the Funds.

Item 15: Custody. Item 15 has been updated to align with the changes to Piton's advisory business. All Client assets will be held at a qualified custodian. Piton may be authorized to directly debit a Client's account for the amount of the Firm's management fee and to direct that fee to Piton, therefore, the Firm is deemed to have custody over Clients' assets for purposes of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended (the "Custody Rule").

Item 16: Investment Discretion. Item 16 has been updated to align with changes to Piton's advisory business. Piton accepts discretionary authority to manage securities account on behalf of Clients subject to the execution of a written investment advisory agreement with the Client. A written investment advisory agreement will explain the nature of Piton's authority to make transactions, including buying or selling securities, as well as any investment limitations, investment objectives, fees, and other matters.

Item 17: Voting Client Securities. Item 17 has been updated to remove all references to the Funds.

As of January 31, 2018, Piton currently has no assets under management. Required updates to Form ADV and this brochure will be filed within applicable timeframes as Piton's business evolves.

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Item 4: Advisory Business

Piton Investment Management, L.P. ("Piton" or the "Firm") is an investment adviser with its principal place of business in New York, NY. Piton is a limited partnership that was formed in July 2015, under law of the State of Delaware. Piton is owned by Piton Management LLC, a Delaware limited liability company.

Piton is an investment advisory firm specializing in fixed-income investment management services to institutions and high net worth individuals. Piton tailors its advisory services to the individual needs of Clients. While Piton generally makes investment decisions on behalf of Clients, the Firm will permit Clients to impose investment restrictions on certain securities or other limitations as mutually agreed upon. Piton provides advisory services in a manner that we believe is consistent with our fiduciary duties to all Client accounts.

Piton Management LLC is owned by Bauer Lane II Advisors LLC and Elkemae Advisors LLC. Bauer Lane II Advisors LLC is wholly owned by James P. Fortescue. Elkemae Advisors LLC is wholly owned by Kristopher Konrad.

James Slattery is Piton's Chief Compliance Officer ("CCO").

As of January 31, 2018, the Firm managed \$0 in regulatory assets under management ("RAUM").

Item 5: Fees and Compensation

Piton offers fixed-income investment advisory services for a fee. Fees are stated as an annual percentage of assets under management, and generally range between 0% and 1.50%. Piton has full discretion to negotiate fees based on certain criteria, such as, but not limited to, complexity of the management strategy, mandate size, related accounts, preexisting relationships and account composition.

The amount of fees, periods over which fees are calculated, and method of payment of fees will be documented in a written agreement prior to engagement. Such factors may vary based on the requirements of individual Clients. Fees may be invoiced to the Client, the Client's financial consultants, or to the Client's custodian as directed by the Client.

Piton's Clients may also incur charges imposed by third parties, such as, but not limited to, broker-dealers, custodians, trust companies, banks and other financial institutions. These charges may include transaction-related fees, trade-away fees, ticket charges, brokerage commissions, charges imposed directly by a mutual fund or ETF in a Client's account (as detailed in the fund's prospectus), transfer taxes, and wire transfer fees.

Item 6: Performance-Based Fees and Side-By-Side Management

Piton does not charge performance-based fees nor has it entered into any side-by-side management agreements.

Item 7: Types of Clients

Piton offers its services to institutional and high net worth individual Clients. Clients may include individuals, family offices, banking or thrift institutions, insurance companies, trusts,

estates, broker-dealers, charitable institutions, foundations, endowments, sovereign and domestic government entities, corporations and/or other business entities and other institutional investors, collectively “Clients”.

Account minimums are subject to negotiation. Generally, Piton requires a minimum account size of \$250,000 for sub-advisory services and \$3.0 million for direct advisory services.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Piton manages fixed-income strategies in accordance with Client investment objectives and risk tolerance, with a focus on duration and credit risk management.

Investing in fixed-income securities may involve a substantial degree of risk, including the potential to lose all or a substantial portion of one’s original investment. Past performance is no guarantee of future results and Piton does not provide assurance that any particular investment or strategy will be profitable or meet the Clients investment objectives. Investments can be impacted by market conditions, economic events, as well as other risks as outlined below. These following risks should be carefully evaluated before making an investment with Piton.

Fixed-Income Securities. The Firm focuses on investing in fixed-income securities and other yield-oriented securities and/or instruments. Fixed-income securities are generally issuer obligations to make scheduled payments of interest and/or principal on predetermined dates in the future. All fixed-income securities are subject to the risks outlined below, among others:

- **Interest rate risk** relates to changes in a security’s value as a direct result of changes in interest rates. Even though fixed-income investments may provide a stable stream of cashflows, the prices of such securities are generally affected by changes in interest rates and, therefore, are subject to the risk of market price fluctuations. Typically, the value of a fixed-income security increases when prevailing interest rates decline, and conversely the value of fixed-income securities decreases when interest rates increase. Fixed-income securities can have fixed, adjustable, or floating rate coupons, or a combination thereof. There are also fixed-income securities that have zero percent coupons which are issued at discounts to par value. In general, securities with variable rate coupons (adjustable or floating) typically have less sensitivity to changes in interest rates in relation to securities with fixed coupons of comparable credit and maturity profiles.
- **Market (or spread) risk** relates to the changes in the risk or perceived risk of an issuer, government, country, or region. The value of an investment may go up or down due to changes in economic and market conditions, irrespective of the prevailing or perceived level of interest rates.
- **Credit risk** relates to the risk or perceived risk of an issuer’s ability to make obligatory payments of principal and interest. The value of fixed-income securities may be affected by changes in an issuer’s credit ratings or financial conditions, as security values are directly predicated on the underlying issuer’s ability to pay all of corresponding security’s cash-flows in accordance with the security prospectus. A decline in the issuer’s credit ratings, adverse changes in the market’s perception of an issuer’s creditworthiness, or an increase in an issuer’s market based credit spreads, are all likely to adversely affect the value of

their issued securities. Security issuers can be highly leveraged entities and may also be in the midst of challenging operating environments. Excessive leverage can impair a company's ability to finance future operational and capital needs. As a result, these companies' ability to respond to changing business and economic conditions, as well as future business opportunities, may be limited. Therefore companies often times may be subject to restrictive financial and operating covenants which can have differing effects on the valuations of their issued securities.

- **Currency Risk.** Clients may have exposure to currencies through non-U.S. dollar denominated securities, derivatives, and other instruments that they may choose not to hedge against the U.S. dollar. To the extent Clients' assets are unhedged, the value of those assets will fluctuate with changes in U.S. dollar exchange rates in addition to price changes of Clients investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which a Clients investments are denominated in will reduce the effect of increases, and magnify the effect of decreases in the prices of Clients' securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on Clients' non-U.S. dollar securities. Exchange rates can change dramatically over short periods of time, particularly during times of political or economic unrest or as a result of actions taken by central banks, which may be intended directly to affect prevailing exchange rates.
- **Liquidity risk** relates to the ability to convert an investment into cash in a timely fashion. When there is a lack of demand in the marketplace, a Client may not be able to sell some or all of an investment promptly or may only be able to sell investments at less than desired prices. Such circumstances may negatively impact the performance of an investment or investment strategy and could result in realized losses.
- **Counterparty Risk** relates to the risk of doing business with other financial institutions. Client accounts may be exposed to the credit risk of the banks, broker dealers, exchanges, swap counterparties, and other counterparties through which they deal and transact. Piton's counterparties, prime brokers, or other financing counterparties, at times may hold Client assets as collateral for margin loans or other financing provided to those particular Clients and their respective accounts. If a counterparty becomes insolvent, the assets and/or collateral of the Client and/or their respective accounts by such counterparty may not be recoverable by the Client and their respective account. Client accounts are also subject to risk of loss of their funds on deposit with non-U.S. brokers because non-U.S. regulatory bodies may not uniformly require such brokers to segregate customer funds. Client accounts may also be required to post margin for foreign exchange transactions with foreign exchange dealers who are not required to segregate funds (although such funds are generally maintained in separate accounts on the foreign exchange dealer's books and records in the name of Clients' accounts). Under certain circumstances, such as the inability of another customer of the broker dealer to satisfy substantial deficiencies in such other customer's account, Clients may be subject to a risk of loss of their funds on deposit with such broker dealer, even if such funds are properly segregated.

In the case of a bankruptcy of a broker-dealer through which an account deals directly with, Clients might not be able to recover any of their assets held, amounts owed to them by such entity, or amounts specifically traceable to their account. To the extent such assets or amounts are recoverable, the accounts might only be able to recover a portion of such amounts. Further, even if Clients are able to recover a portion of such assets or amounts, such recovery could take a significant period of time. Prior to any such recovery, the Clients may be unable to trade any positions held by such person, to transfer any positions and cash held by such person, or have transparency with respect to the positions held by such person on behalf of the accounts. This could both hinder Piton's ability to provide sufficient risk management with respect to Client's account portfolio, which in turn could result in significant losses to Clients' accounts.

Even if a counterparty remains solvent, Clients may be materially adversely impacted if the counterparty fails to adequately perform its duties and obligations. Clients may rely on service providers for certain key activities (including, without limitation, trading, market data, and reconciliation), and, in some cases, the Firms' reliance is concentrated in a particular service provider or group of service providers. Failure of one of these key service providers to perform as expected could negatively impact Client accounts.

- **Prepayment Risk.** The frequency at which prepayments (including voluntary prepayments by the obligors and liquidations due to defaults and foreclosures) occur on loans underlying certain fixed-income securities, most notably Agency Mortgaged-Backed Securities ("Agency MBS"). There may be a variety of factors that may influence the level of prepayments on these types of securities including the prevailing level of interest rates, as well as economic, demographic, tax, social, legal and other factors. With Agency MBS, mortgage obligors generally tend to prepay their mortgages when prevailing mortgage rates fall below the interest rates enough to incentivize them economically to refinance their existing mortgage loans into newly originated, lower rate mortgages. This would result in a full prepayment of that loan within the MBS security in which it is pooled. In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many Agency MBS will be discount securities when interest rates are high, and will become premium securities when interest rates are low, these types of securities may be adversely affected by changes in prepayments in any interest rate environment. Prepayments (at par) may also limit the potential upside of many Agency MBS to their principal or par amounts. This effect is mitigated to some degree for Agency MBS in which the underlying mortgage loans have certain characteristics that deter borrowers from making prepayments or refinancing their entire mortgage. These characteristics are generally referred to as "call protection." In general, all prepayments relating to Agency MBS may expose the Client to reinvestment risk. As prevailing mortgage rates tend to fluctuate over time, it is difficult to reliably and consistently predict the rate at which any pool of mortgage loans will prepay over the life of the security.
- **Changes to the Legal and Regulatory Environment for Agency Securities.** The payments of principal and interest Clients receive on the Agency securities (Debt & MBS) are guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.

Ginnie Mae is a U.S. government agency and its guarantees are backed by the full faith and credit of the United States. Fannie Mae and Freddie Mac are government-sponsored enterprises (“GSEs”), but their guarantees are not backed by the full faith and credit of the United States. Although the U.S. government has committed to support the positive net worth of Fannie Mae and Freddie Mac, the two GSEs could default on their guarantee obligations, which could materially and adversely affect the value of Agency backed securities. In addition, the future roles of Fannie Mae and Freddie Mac in US mortgage financing could be significantly reduced and the nature of their guarantee obligations could be considerably limited relative to historical measurements. Any such changes to the nature of their guarantee obligations could re-define what constitutes an Agency MBS and could have broad adverse implications for the market. To the extent that Clients rely on Agency securities as collateral for their financings, any decline in the value of agency securities, or perceived market uncertainty about their value, could make it more difficult for Clients to obtain financing on favorable terms or at all, or to maintain their compliance with the terms of any financing transactions for such investments. Further, the current support provided by the U.S. Department of the Treasury to Fannie Mae and Freddie Mac, and any additional support it may provide in the future, could have the effect of lowering (or increasing) the interest rates Clients expect to receive from Agency issued securities, thereby tightening (or expanding) the spread between the interest Clients can earn on Agency investments and the cost of financing those assets. Future legislation could change the relationship between Fannie Mae and Freddie Mac and the U.S. government, and could also nationalize, privatize, or eliminate these entities entirely. Any law affecting these GSEs may create market uncertainty and have the effect of reducing the actual or perceived credit quality of securities issued or guaranteed by Fannie Mae or Freddie Mac. Moreover, if the guarantee obligations of Freddie Mac or Fannie Mae were repudiated by the Federal Housing Finance Agency, payments of principal and/or interest to holders of Agency MBS issued by Freddie Mac or Fannie Mae would be reduced in the event of any borrower’s late payments or failure to pay or a servicer’s failure to remit borrower payments to the trust. In that case, trust administration and servicing fees could be paid from mortgage payments prior to distributions to holders of Agency MBS. Any actual direct compensatory damages owed due to the repudiation of Freddie Mac or Fannie Mae’s guarantee obligations may not be sufficient to offset any shortfalls experienced by holders of Agency MBS. As a result, such laws or changes could increase the risk of loss on Client investments in Agency MBS guaranteed by Fannie Mae and/or Freddie Mac and could adversely impact the market for such securities and spreads at which they trade. All of the foregoing could materially and adversely affect Clients’ accounts.

- ***Mortgage Loan Modification and Refinancing Programs.*** The U.S. Government, through the U.S. Federal Reserve, the Federal Housing Administration, and the Federal Deposit Insurance Corporation, has implemented a number of federal programs designed to assist homeowners in managing their mortgage debt. Such programs and other loss mitigation programs may involve, among other things, the modification of mortgage loans to reduce the principal amount of the loans (through forbearance and/or forgiveness) and/or the rate of interest payable on the loans, or the extension of payment terms of the loans. These loan modification programs, future legislative or regulatory actions, including possible amendments to the bankruptcy laws, which result in the modification of outstanding residential mortgage loans, as well as changes in the requirements necessary to qualify for refinancing mortgage

loans with Fannie Mae, Freddie Mac or Ginnie Mae, may adversely affect the value of Agency MBS.

- **Reinvestment Risk.** The risk that when bonds are called prior to maturity, or partially return principal before maturity, or mature in full, proceeds are unable to be reinvested into similar bonds paying similar rates of interest. The reinvestment of proceeds into different bonds with lower rates of interest may adversely impact the level of income generated in a Client's account.
- **Municipal Security Risk.** Factors unique to municipal securities, including state or local economic or business developments or legislative changes, may adversely impact the yield or value of applicable bonds. These factors may have a significant impact on the ability of the municipality to make principal and interest payments on their outstanding bonds. Lower rated municipal bonds are generally subject to greater credit and market risk than higher quality municipal bonds. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.
- **State Risk.** The risk that a state-specific concentrated portfolio will be adversely impacted due to events that affect the state's economy and economic stability. Higher concentrations to a specific state may have higher credit risk exposure.
- **Political Risk.** The risk that political events, such as changes in government leadership, policies, regulation, or other government actions, would adversely impact market functions which in turn could negatively impact the value of Clients investments.
- **Tax Risk** is the risk that the tax-exempt status of municipal securities might change.

Equity Linked Structured Notes. The firm will also provide investment advice regarding investments in Structured Notes ("Structured Notes" or "Structured Note"), primarily for the purpose of generating income for Client accounts. Investing in Structured Notes may entail unique risks and features including but not limited to principal, issuer and liquidity risk. Clients are advised to review the term sheets and offering documentation of any Structured Note investment prior to investing in order to fully understand the risks and tax consequences involved with owning such securities.

- **Market Risk.** The yield on the Structured Note may be considerably less than that of other debt securities of comparable maturity. Purchasing a Structured Note is not equivalent to investing directly in an index, equity, or commodities that the Note may directly linked to. The changes in market value of the underlying constituent equities, index or commodity may not be fully reflected in the market value of the Structured Note, therefore, the potential return on the Structured Note may not reflect the full performance of the equities, index, or commodity to which the Structured Note is linked.
- **Principal Risk.** The principal amount of the investment is not guaranteed, unless specifically stated. Depending on the structure, the Structured Note may not pay interest prior to liquidation and may be structured so as to make payments to investors only at the time of maturity. The rate of return, if any, depends on the performance of the "underlying" assets, basket of stocks, the underlying

individual stock, the underlying index, and/or the underlying commodity backing the Structured Note. If the Structured Note is not designated as being 100% principal protected or FDIC insured, as with certificates of deposit, then some or all of your principal may be at risk. In most cases, the return of principal is only guaranteed to the extent specified in the specific Offering Documents for the Structured Note and, is specifically subject to the underwriter's credit and the creditworthiness of the issuer. If the return on the "underlying security" is negative, the amount of cash paid to you at maturity will be less than the principal amount of the investment and you could lose up to the percentage indicated of your initial investment. It is also possible that at maturity you may end up owning the underlying security at a price lower than the original purchase price. In addition, if the basket return is positive, payment may be limited as the percentage increase of the underlying basket calculated as of the determination date may be capped, on a per share basis, at the percentage disclosed for the appreciation of each stock held within the basket.

- **Credit Risk.** Investors are dependent on the Structured Note issuer's ability to pay all amounts due on the securities in accordance with the terms of the final pricing supplement, and therefore, investors are subject to credit risk of such issuers. Any decline in the issuer's credit ratings, any adverse changes in the market's view of the issuer's creditworthiness, or any increase in the issuer's credit spreads are likely to adversely affect the value of these securities prior to maturity.
- **Liquidity Risk.** There may not be an available secondary market for Structured Notes held by Clients, therefore there is liquidity risk associated with any investment in Structured Notes. The notes will not be listed on any securities exchange. Even if there is a secondary market, it may not provide enough liquidity, or at terms favorable enough to transact, to allow Clients to trade the Structured Notes they own in their investment account(s). Other dealers may not make a secondary market for the Structured Notes owned in Client accounts. As a result, the price at which a Client may be able to trade out of their investment may depend on the price at which the issuer, if at all, is willing to repurchase the notes. If a Client must sell their existing note holdings prior to maturity, they may not be able to do so or they may have to sell them at a substantial loss.
- **Tax Risk.** There may be tax consequences involved in investing in Structured Note securities. For more detail, the prospectus should be closely reviewed by each Client to know how a particular Structured Note might be taxed.

Equity Securities and Equity-Related Securities. Client accounts may invest in equity securities and equity-related instruments. The value of equity securities varies in response to many factors. Factors specific to an issuer, such as certain decisions by management, lower demand for its products or services, or even loss of key executives, could result in a decrease in the value of the issuer's securities. Factors specific to the industry in which the issuer participates, such as increased competition, costs of production, consumer or investor perception, can have a similar effect. The value of an issuer's stock can also be adversely affected by changes in financial markets in general, such as an increase in interest rates, or a decrease in investor confidence, or events that are unrelated to the issuer itself or its industry. These factors and others can cause significant fluctuations in the prices of the securities in which Clients invest and can result in significant losses.

Preferred Stock, Convertible Securities, and Equity Options. Clients may trade preferred stock, convertible securities, or equity options. The value of preferred stocks, convertible securities, and equity option will vary with the movements in the equity market and the performance of the underlying common stock, in particular. Their value is also affected by adverse issuer or market information. Thus, for example, as the value of the underlying common stock of an issuer fluctuates, the value of the preferred stock of such issuer would also be expected to fluctuate. Furthermore, equity options may lose all or the majority of their value as the price of the underlying common equity moves and/or as the option nears expiration. With respect to convertible securities, as with all fixed-income securities, the market value of such securities tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus, may not decline in price to the same extent as the underlying common stock. Convertible securities rank senior to common stock in an issuer's capital structure and consequently entail less risk than the issuer's common stock. If a convertible security held by Clients is called for redemption, Clients will be required to permit the issuer to redeem the security or convert it into the underlying common stock. These actions could have an adverse effect on Clients ability to achieve their investment objective.

Liquid Strategies as a Source of Investor Liquidity. A number of liquid strategies have incurred material losses in the past, in part during times when private investment funds were forced to raise cash to fund redemptions, to meet margin calls and for other purposes, and the assets traded by such strategies became a source of cash for investors which were unable to redeem from other funds. Clients may from time to time incur losses due to similar circumstances.

Swap Agreements. Swap agreements are privately negotiated over-the-counter derivative products in which two parties agree to exchange payment streams that may be calculated in relation to a rate, index, instrument, or certain securities and a particular "notional amount." Swaps may be subject to various types of risks, including market risk, liquidity risk, structuring risk, tax risk, and the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty. Swaps can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swaps may increase or decrease Client's accounts' exposure to equity securities, long-term or short-term interest rates, non-U.S. currency values, corporate borrowing rates, or other factors such as security prices, baskets of securities, or inflation rates and may increase or decrease the overall volatility of Clients portfolio. Swap agreements can take many different forms and are known by a variety of names. Clients are not limited to any particular form of swap agreement if Piton determines that other forms are consistent with the investment objective and policies. The most significant factor in the performance of swaps is the change in specific interest rates, currencies, or other factors that determine the amounts of payments due to and from the respective counterparties. If a swap calls for payments, Clients must have sufficient cash availability to make such payments when due.

Title VII of the Dodd-Frank Act and the rules and regulations adopted and to be adopted by the CFTC introduces a comprehensive regulatory regime for swaps (as defined in the Commodity Exchange Act, as amended). The new laws and regulations subject certain swaps to clearing and exchange trading requirements, and impose margin requirements, reporting, record keeping and business conduct rules. The final rules under Title VII, including those rules that have already been adopted, for both cleared and non-cleared swap transactions

could impose increased margin requirements and require additional operational and compliance costs that will likely affect returns.

Repurchase Agreements. Piton may enter into repurchase agreements with a number of financial institutions to finance the assets for Clients. Pursuant to these repurchase agreements, Clients would initially transfer securities (the “collateral”) to a financial institution in exchange for cash, and Clients counterparty is obligated to exchange such assets back to the Client at the end of the term of the transaction. When they initially exchange the collateral, Clients receive cash in an amount that is less than the value of that collateral (the “haircut”). If a Clients’ counterparty defaults on its obligation to exchange collateral to Clients, Clients would incur a loss on the transaction equal to the amount of the haircut (assuming there was no change in the value of the securities). Any losses incurred by Clients on repurchase transactions could materially and adversely affect their financial condition and results of operations. If Clients default on one of their obligations under a repurchase transaction, the counterparty can terminate the transaction and cease entering into any future repurchase transactions with Clients. In that case, Clients would likely need to establish a replacement repurchase agreement with another financial institution in order to continue to leverage their investment portfolio. Clients may not be able to secure a suitable replacement repurchase agreement counterparty on acceptable terms or at all.

In addition, pursuant to the terms of borrowings under such repurchase agreements, a decline in the value of the collateral may result in their lenders initiating margin calls, in which case Clients would be required to pledge additional collateral to re-establish the ratio of the value of the collateral to the amount of the borrowing. The specific collateral value to borrowing ratio that would trigger a margin call is generally not set in master repurchase agreements and is not determined until Clients engage in a repurchase transaction under these agreements. Clients fixed-rate collateral generally may be more susceptible to margin calls, as increases in interest rates tend to have a greater affect on the market value of fixed-rate securities. In addition, some collateral may be illiquid which could cause such collateral to be more susceptible to margin calls in a volatile market environment. Moreover, collateral that prepays more quickly increases the frequency and magnitude of potential margin calls as the underlying value is reduced due to return of principal to the bondholder. This return of principal is not accounted for in the determination of the collateral value while it is being used for a repurchase agreement. If Clients are unable to satisfy margin calls, their lenders may foreclose on Clients collateral. The threat of, or occurrence of, a margin call could force Clients to sell, either directly or through a foreclosure, their collateral under adverse market conditions. Because of the leverage Clients expect to have, they may incur substantial losses upon the threat or occurrence of a margin call.

Furthermore, financial institutions providing the repurchase agreements may require Clients to maintain a certain amount of unencumbered cash or to set aside non-pledged assets sufficient to maintain a specified liquidity position in order to allow Clients to satisfy their collateral obligations. As a result, Clients may not be able to leverage their assets as fully as they would choose, which could reduce their objective returns. If Clients are unable to meet these collateral obligations, their financial condition could deteriorate rapidly. Additionally, Clients’ counterparties may unilaterally determine to cease entering into any further repurchase transactions with Clients. Failure to procure adequate repurchase agreement financing or to renew or replace existing repurchase agreement financing as it matures would adversely affect Clients’ financial condition and returns.

In the event of the insolvency or bankruptcy of a lender during the term of a repurchase agreement, the lender may be permitted, under applicable insolvency laws, to repudiate the contract, and Clients’ claim against the lender for damages may be treated simply as an

unsecured creditor. In addition, if the lender is a broker or dealer subject to the Securities Investor Protection Act of 1970, or an insured depository institution subject to the Federal Deposit Insurance Act, Clients ability to exercise its rights to recover its assets under a repurchase agreement or to be compensated for any damages resulting from the lender's insolvency may be further limited by those statutes. These claims would be subject to significant delay and, if and when received, may be substantially less than the damages Clients actually incur.

Leverage. Repurchase agreements may be a source of leverage for Client accounts. In addition, Clients may engage in any other type of leverage or borrowing as is determined in Piton's sole discretion. Such borrowing may be made in the course of purchasing securities on margin or otherwise, and will increase the volatility of the Clients. The amount of leverage or borrowings which Clients may have outstanding at any time may be large in relation to their capital. Consequently, the level of interest rates generally, and the rates at which Clients can borrow in particular, will affect the operating results of Clients' accounts. In addition, such borrowing may be collateralized by the assets of Clients, and applicable margin regulations may require the liquidation of positions to satisfy margin requirements. Leveraging will exaggerate the effect of the overall value of Clients due to any increase or decrease in the market value of the Clients' account holdings. Monies borrowed will be subject to interest costs that may or may not be recovered through appreciation of the securities purchased or the yield from such securities. Because Clients may invest in a wide range of fixed-income and equity securities, the amount they are able to borrow on margin may differ materially based on the assets used to collateralize the borrowings of Clients. This in turn may limit Clients' ability to leverage.

The Clients may enter into different types of financing arrangements Piton considers appropriate.

Exchange-Traded Funds ("ETFs"). Clients may invest in ETFs for hedging or speculative purposes. An investment in an ETF that is specific to an industry or sector may have higher volatility and lower correlation to the performance of broader markets. Authorized participants (who are authorized to create ETFs from their constituent instruments and redeem ETFs into their constituent instruments) manage the supply and demand of ETFs. If an ETF's constituent instruments become difficult to buy or sell or an authorized participant, for another reason, destabilizes the supply and demand balance of an ETF, the liquidity of the ETF may be adversely affected, and the performance of the ETF may cease to track the prices of its constituent instruments, which could have an adverse effect on Clients if they are trading ETFs.

Options. Clients may desire to trade options from time to time. Options may be used as a hedge against changes in market conditions, or for speculative purposes. Options transactions may be highly leveraged and gains and losses are therefore magnified. There could be adverse consequences to Clients in options transactions if the intended direction of market movements is inaccurate, or does not happen in during the timeframe before the option expires. If Clients were to write an uncovered call or puts options, Clients could be subject to the risk of unlimited loss.

Item 9: Disciplinary Information

The Firm has not been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

Item 10: Other Financial Industry Activities and Affiliations

Piton has executed a master services agreement to provide administrative and back office consulting services to Natara Capital Management, LP, a Delaware limited partnership.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics Pursuant to Rule 204A-1 of Advisers Act

Piton has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1. Rule 204A-1 requires the Firm to establish, maintain and enforce a written code of ethics that (i) sets the standard of business conduct that the Firm requires of its employees (ii) requires employees to comply with applicable federal securities laws, and (iii) contains provisions regulating personal securities transactions by employees. Piton will provide a copy of the Code to any Client or prospective Client upon request.

The Code governs personal trading activities by Piton’s employees and their immediate family members living in the same household. The Code requires employees to report all personal trades on at least a quarterly basis and provide initial and annual holdings reports to the CCO. Employees are responsible for pre-clearing any and all transactions on Piton’s Restricted List and any initial public offering with the CCO (and the CCO must pre-clear with the Portfolio Manager).

In addition to restrictions on personal trading, Piton also maintains policies and procedures that address and place limits on the giving and receiving of gifts and entertainment, the making of political contributions, service on outside boards of directors and other outside business activities. Employees are required to certify to their compliance with the Code on a periodic basis.

Piton also maintains insider trading policies and procedures that are designed to prevent the misuse of material, non-public information. Employees are required to certify their compliance with Piton’s insider trading policies and procedures on a periodic basis.

Item 12: Brokerage Practices

As the advisor to Clients’ assets, Piton is responsible for placing all orders for the purchase and sale of securities on behalf of Clients’ accounts. Piton uses its best efforts to obtain the best execution on transactions completed on behalf of its Clients. In selecting broker-dealers through whom to effect transactions, the Firm will consider a number of factors, including price, dealer spread or commission, if any, size of the transaction, difficulty of execution and the value and quality of any research, statistical, quotation or valuation services provided by the broker-dealer. Research services provided by broker-dealers may include advice, either directly or through publications or writings, as to the value of securities, the advisability of purchasing or selling securities, the availability of securities or purchasers or sellers of securities, and analyses and reports concerning issuers, industries, securities, economic factors and trends and investment strategy.

Piton may select a broker-dealer that furnishes the Firm directly or through correspondent relationships with research (including third party research) or other services which provide, in Piton’s view, appropriate assistance to the Firm in the investment decision-making process. Such research or other services may include research reports on companies, industries and securities; economic and financial data; economic surveys and analyses; recommendations as to specific securities; financial publications; computer data bases;

quotation equipment and services; and research-oriented computer software and other services. In some circumstances, the commissions paid on transactions with broker-dealers or merchants providing such services may exceed the amount another broker-dealer or merchant would have charged for effecting such transactions. The use of commissions or “soft dollars” to pay for such research or other services, whether provided directly or indirectly, may be utilized, to the extent permissible under applicable law, including, without limitation, Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, for the benefit of Clients’ accounts and/or the Piton’s other accounts (including accounts that do not pay such commissions or “soft dollars”). The Firm believes that such research or other services may provide Clients and investment accounts with benefits by supplementing the research and services otherwise available to Clients and investment accounts. “Soft dollars” may be generated in various trading activities, including, among others, agency transactions, fixed-price offerings and over-the-counter principal transactions. Piton currently does not have any soft dollar arrangements.

If Piton receives products or services from broker-dealers or merchants that are used both for research purposes and for administrative or other non-research purposes, it will make a good faith effort to determine the relative proportions of such products or services which may be considered as investment research, based primarily on anticipated usage, and will pay for the costs attributable to the non-research usage in cash.

The purchases and sales of securities for Client accounts may be aggregated or bunched with orders for other accounts managed under a similar strategy or advised by Piton in order to obtain best execution on behalf those accounts. Piton, however, is not required to bunch or aggregate orders if portfolio management decisions for different accounts are made separately, or if Piton determines that bunching or aggregating would be inconsistent with its investment management duties or with Client direction.

Item 13: Review of Accounts

Client accounts are reviewed on a regular basis by the senior management of Piton to assure conformity with each Clients’ investment objectives and guidelines. Piton engages in active management for each of its Clients and accordingly reviews the transactions, positions and cash balances on a daily basis.

A qualified custodian sends account statements to Clients at least quarterly, which includes position holdings, transactions made during the period, and the investment performance for the period. In addition, Piton provides regular portfolio reports tailored to the individual needs of Clients.

Item 14: Client Referrals and Other Compensation

Piton currently does not receive any economic benefit for providing investment advice to any party who is not a Client. Piton currently does not directly or indirectly compensate any person who is not a supervised person of the Firm for Client referrals. Piton may on occasion enter into written solicitation agreements with individuals, financial intermediaries or others who may or may not be affiliated with Piton. All written solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act and any other law as applicable.

Item 15: Custody

Piton may be authorized to directly debit a Client’s account for the amount of the Firm’s management fee and to direct that fee to Piton, therefore, the Firm is deemed to have custody over Clients’ assets for purposes of Rule 206(4)-2 under the Investment Advisers

Act of 1940, as amended (the “Custody Rule”). In accordance with the Custody Rule, a qualified custodian maintains Clients’ assets and has agreed to send statements to Piton’s clients at least quarterly, which includes all amounts disbursed from their account inclusive of the amount paid to Piton. Piton urges Clients to review all distributed statements closely and compare the account statements they receive from the qualified custodian with those they may receive from Piton.

Item 16: Investment Discretion

Piton accepts discretionary authority to manage securities account on behalf of Clients subject to the execution of a written investment advisory agreement with the Client. A written investment advisory agreement will explain the nature of Piton’s authority to make transactions, including buying or selling securities, as well as any investment limitations, investment objectives, fees and other matters.

Item 17: Voting Client Securities

Piton has established proxy voting policies and procedures designed to ensure that proxies are voted in the best interest of Clients. When voting proxies, Piton must identify and address material conflicts that may arise between the Firm’s interests and those of Clients.

Piton is primarily a fixed-income investment manager, therefore it is rare that Piton will be requested to vote proxies. In limited instances, Piton will vote proxies as it deems necessary or appropriate, on a case by case basis. Prior to voting, Piton will make a determination as to whether a material conflict of interest exists and will either resolve the conflict or refer the proxy vote to an outside service for its independent consideration. The CCO will conduct a periodic review of the proxy voting and/or corporate action records to confirm that proxies are voted according to the Firm’s policies and records are appropriately maintained.

In the absence of a material conflict, Piton will seek to act solely in the best interests of Clients. Piton determines whether and how to vote proxies on a case-by-case basis. In making such determination, Piton: (i) will attempt to consider all aspects of the vote that could affect the value of the issuer or that of the relevant Clients’ account, (ii) will vote in a manner that it believes is consistent with the relevant Clients’ stated objectives, (iii) will generally vote in accordance with the recommendation of the issuing company’s management on routine and administrative matters, unless Piton has a particular reason to vote to the contrary, and (iv) may not vote at all to the extent the outcome of the vote or action does not have a material impact on the issuer or value of its securities.

Piton is not authorized to vote or grant proxies with respect to any positions in the investment accounts.

Investors may request a copy of Piton’s proxy voting policies, as well as relevant proxy voting records, by contacting the CCO.

Item 18: Financial Information

Piton has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.